



May 1, 2000

**Mortgage  
Insurance  
Companies  
of America**

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Manager  
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Office of Thrift Supervision  
1700 G Street, NW  
Washington, D.C. 20552  
Attention 1550-0223

To Whom It May Concern:

This letter provides the comments of the Mortgage Insurance Companies of America (MICA) on proposed changes to the Thrift Financial Report (TFR). MICA is the trade association of the nation's private mortgage insurance (MI) industry. Mortgage insurance is obtained when borrowers take out high-LTV mortgages, protecting lenders from the added risk of these high-LTV loans. As such, MI helps borrowers obtain homes sooner than would otherwise be the case while protecting lenders from credit risk.

MICA supports the proposed change in the TFR that would call for disclosures of uninsured mortgages with LTVs above 90% as well as a separate disclosure for those with LTVs above 100%. Many studies, including several by the OTS, have demonstrated that these are among the riskiest loans a creditor can book unless they have adequate mortgage insurance. As the request for comment points out, good information on the degree of such risks is essential for effective regulation and market discipline.

The proposal cites 12 CFR 5670.101 for the definition of the loan-to-value ratio that will be applied to determine which loans must be reported. We believe the correct cite is, in fact, 12 CFR 560.101, which contains the definition of LTV used by all the bank regulators. That definition

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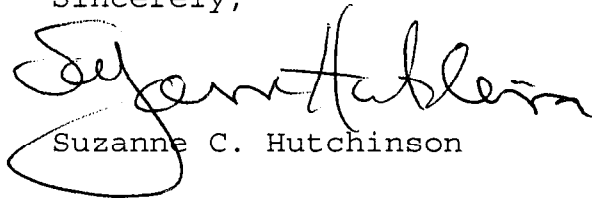
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indicates that the LTV must be determined by taking into account any senior lien that may be originated at the same time a junior lien is placed on an institution's books. This is consistent with the risk-based capital weighting of subordinated liens, which determines LTV by treating loans originated at the same time for the same purpose to the same borrower as the same loan.

We urge OTS to make it clear in the instructions to the TFR that a structured combination loan transaction must be reported according to the LTV of the combined loan, not that of any piece remaining on a thrift's books. Subordinated loan positions are the riskiest piece in a high-LTV mortgage, making their reporting essential if OTS is to achieve the stated goal of the new high-LTV reporting requirement.

MICA commends OTS for its leadership on this issue, and supports rapid enactment of the proposed revisions to the TFR.

Sincerely,

A handwritten signature in cursive script, appearing to read "Suzanne C. Hutchinson". The signature is written in dark ink and is positioned above the printed name.

Suzanne C. Hutchinson